



## DIGITIZATION IN HUMAN RESOURCES

**S. BRINDHADEVI**

Assistant Professor in Business Administration

Sri. S. Ramasamy Naidu Memorial College, Sattur.

E-mail: [brindha@srmcollege.ac.in](mailto:brindha@srmcollege.ac.in)

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**Received:** August 23, 2024, **Accepted:** September 30, 2024, **Online Published:** October 10, 2024

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### ABSTRACT

The digitization of Human Resources (HR) is revolutionizing traditional workforce management, enabling organizations to boost efficiency, enhance decision-making, and offer personalized employee experiences. As HR management evolves, integrating innovative technology solutions becomes essential for maintaining sustainable practices. The rapid digitization of business models, especially within HR, is driven by the increased use of employee-centric software, IT-enabled HR functions, social networks, and mobile solutions. Organizations are increasingly adopting digital approaches to manage their human resources, recognizing the need for continuous innovation in HR practices to stay competitive in the market.

Recent studies indicate a shift towards digitally enabled, employee-focused HR practices that aim to optimize performance and meet market demands. The ongoing digital transformation is gradually replacing traditional HRM with more advanced, technology-driven HRM systems. This paper explores the transition from conventional HRM to Electronic HRM (E-HRM), which involves an integrated, organization-wide electronic network of HR information, services, applications, and exchanges. The study highlights the necessity for HR departments to embrace digitization to remain agile and responsive to the challenges of the modern business environment.

**Keywords:** Human Resources, HR Digitization, E-HRM, Workforce Management, and HR Technology

## **Introduction**

In today's business environment, digitization is reshaping traditional Human Resources (HR) practices, fundamentally altering how organizations manage their workforce and optimize HR processes. This transformation is part of the broader Fourth Industrial Revolution, marked by the incorporation of advanced digital technologies across various aspects of business operations. The integration of tools like Artificial Intelligence (AI), cloud computing, and data analytics is revolutionizing HR functions, including recruitment, performance evaluation, employee engagement, and learning and development.

Historically, HR departments relied heavily on manual processes and paper-based systems, which often resulted in inefficiencies and limited data insights. The advent of digital tools has enabled HR professionals to automate routine tasks, thereby freeing up time for strategic activities and enhancing decision-making capabilities. Technologies such as Human Resource Management Systems (HRMS), AI-driven analytics, and mobile applications have become integral in managing employee data, optimizing talent acquisition, and improving overall workforce management.

As organizations increasingly embrace digitization, they face both significant opportunities and challenges. Digital HR solutions offer enhanced operational efficiency, greater flexibility, and improved employee experiences. However, they also present hurdles such as data security concerns, the need for continuous upskilling, and the potential for reduced face-to-face interactions.

This paper aims to explore the transformative impact of digitization on HR practices, analyzing how digital technologies are reshaping traditional HR functions and discussing the implications for HR professionals and organizations. By examining current trends and future directions in HR digitization, this study seeks to provide valuable insights into how organizations can effectively navigate this digital transition and leverage technology to drive organizational success.

## **Objective**

- ❖ To identify the specific digital tools and technologies
- ❖ To explore the Necessity of Digital Transformation in HRM
- ❖ To analyze the Current Impact of Digitization on HRM Functions
- ❖ To understand the Implementation and Effectiveness of Digital Tools in HRM
- ❖ To ascertain the underlying factors of AI-driven HRM practices



## Literature Review

Chase (2014) emphasizes that while digital transformation is essential for talent management, it also requires the strategic use of social and digital technologies to foster communication, collaboration, and engagement—not only between employees and the organization but also among employees themselves. HR and talent management processes, along with the technology that supports them, will no longer exist in isolation; instead, they become fully integrated into the future of work (The Innovation Project, 2015).

Bondarouk and Ruël (2009) argued that definitions of e-HRM have varied greatly, lacking consistency or consensus. They stressed the importance of understanding how researchers define e-HRM, as slight differences in terminology may lead to research moving in different directions or targeting various subsets of the e-HRM user base. Since the early studies on the intersection between electronic technologies and HRM, several definitions have emerged, referring to e-HRM as HR Information System (HRIS), virtual HRM, online HRM, and intranet-based HRM. However, literature often distinguishes between these electronic concepts (Bondarouk, Schilling, & Ruël, 2016).

A notable distinction between HRIS and e-HRM appears to be in their scale and reach. Many definitions of e-HRM focus on network structures as a defining feature. For example, Strohmeier (2007) defined e-HRM as the planning, implementation, and use of information technology for both networking and supporting at least two individual or collective actors in their shared performance of HR activities.

Despite the benefits, digitization in HR presents several challenges. Data privacy and security concerns are significant issues, as highlighted by Cavoukian (2012), who emphasizes the need for robust data protection measures. Additionally, resistance to change and the digital skills gap pose obstacles to successful implementation (S. Brown & A. Green, 2018). Organizations must address these challenges to fully leverage digital technologies in HR.

Digital technologies have revolutionized recruitment processes. Studies by Parry and Tyson (2011) demonstrate that the use of Applicant Tracking Systems (ATS) and online job platforms streamline candidate sourcing and application processing. AI-driven tools, as discussed by Bessen (2019), enhance candidate screening and selection by analyzing large volumes of data to identify the best fit for roles.

Emerging trends in HR digitization include the use of AI for predictive analytics and the integration of blockchain for secure HR transactions (Marr, 2018). The future of HR is expected to involve greater personalization and automation, with technologies such as

virtual reality (VR) and augmented reality (AR) enhancing training and recruitment processes (Swan, 2021).

### **Research Methodology**

This study employs a descriptive research design, utilizing a mixed-methods approach to gain comprehensive insights into the impact of digitization on Human Resource Management (HRM). The research combines quantitative data collection, including surveys and statistical analysis, with qualitative methods such as interviews and case studies. The quantitative aspect focuses on measuring the extent of digitization within multinational corporations (MNCs) and its effects on HR functions. Surveys will be distributed to HR professionals and organizational leaders to gather data on the implementation and effectiveness of digital tools and technologies in their HR practices. Additionally, secondary data from industry reports and academic literature will be analyzed to contextualize the findings.

Qualitative research methods involve in-depth interviews with HR practitioners and technology experts to explore their experiences and perspectives on digital transformation in HRM. Case studies of organizations that have successfully implemented digital HR solutions provide practical insights into best practices and potential challenges. The study's scope is limited to MNCs due to their advanced adoption of digital HR practices and the complexity of their operations. Data will be analyzed to identify trends, challenges, and opportunities related to the digitization of HRM, offering a nuanced understanding of how digital technologies are reshaping HR practices and contributing to organizational success.

#### **Scope:**

The scope of this research is confined to multinational corporations (MNCs), as these organizations are actively digitizing their HR functions due to their extensive scale and operational complexity.

#### **Data Analysis**

The role of Human Resources (HR) has evolved from a traditional administrative function to a strategic pillar within organizations. HR leaders now play a pivotal role in attracting, developing, and enabling talent, which is essential for the success of any business. As a result, the transformation of Human Resource Management (HRM) into digital was inevitable. This shift has fundamentally changed how employees interact with businesses, revolutionizing workflows and enhancing overall organizational efficiency.

#### **Job Posting and Candidate Sourcing Tools**



Applicant Tracking Systems (ATS): ATS software automates the process of collecting, sorting, and analyzing resumes, allowing recruiters to efficiently manage large volumes of applications. ATS tools use algorithms to screen candidates based on specific criteria, improving the speed and accuracy of the hiring process.

Arya is an AI-powered recruitment platform designed to streamline the hiring process by leveraging artificial intelligence and machine learning technologies. Developed by Leoforce, Arya uses advanced algorithms to source, screen, and engage candidates, helping recruiters identify the best talent more efficiently.

Textio - Recruiters can use Textio to improve the content and quality of their job postings. It uses features such as Natural Language Processing (NLP) Text Analytics, and many others. It is mostly used for job ad postings.

Entelo - Recruiters can use Entelo to find applicants from various categories depending on factors such as gender, ethnicity, and experience. Their method makes use of predictive analytics and natural language processing, and it's very useful for attracting passive candidates.

Hiretual - Hiretual is a candidate sourcing and engagement service based on Artificial intelligence that helps businesses locate the top candidates quickly.

### **Candidate screening tools**

Ceipal - Ceipal is an AI-driven recruiting software firm that operates in resume processing and social media coalescing, which aids in the scanning of resumes from a large pool of candidates.

CVVIZ - Their resume screening technology goes beyond keyword matching by provisionally evaluating resumes and learning from the hiring process to find the finest applicants.

Pomato - Pomato assists in skills assessment and resume evaluation. Machine learning and pattern recognition techniques are used in their solution.

### **Candidate Assessment Tools**

Mya -NLP and machine learning are used to create this Chabot. Mya can initiate a conversation with candidates as well as conduct candidate assessments.

Harver - Harver creates AI-powered pre-employment assessment software that leverages data and research to forecast the employees' performance by assessing a candidate's IQ, organizational fit, soft skills, and potential to flourish throughout their employment.

HackerRank - HackerRank is a technology hiring tool that has become the industry

standard for evaluating developer aptitude.

### **Interviewing Tools**

HireVue - Hirevue is a platform for pre-employment assessment and video interviews. Their video interviewing software seeks to boost team productivity, improve results, and provide a positive candidate experience.

Calendly - Calendly is an artificial intelligence (AI)-powered tool for finding ideal interview times. Through the use of simultaneous emotional analytics, the tool focuses on efficiency, scheduling, speed, and prospect acquisition.

The Financial Aspects of using Artificial Intelligence in Recruitment from SMEs' perspective

Oorwin Oorwin, a SaaS platform established in San Francisco, provides a fully integrated ATS, CRM, and HRMS platform for staffing and consulting organizations to increase productivity and growth.

ZipRecruiter ZipRecruiter is a small business recruiting platform that implemented a tool termed 'Candidate Calibration' in 2018 that allows users to either like or dislike different job applications so the platform's AI can locate better-fit applicants for future openings 88.

Clustree Cornerstone has acquired Clustree, an AI-driven platform that matches employees' skills to job specification tasks, which the vendor wants to incorporate into its product line, including the PiiQ for small businesses.

The government has proposed a nationwide digitization adoption initiative to encourage innovation and the adoption of modern technology, smaller and handier start-up companies are now becoming powerful rivals to the existing industry leaders. This indicates that digitization has a lot of room to expand in India. Large IT services firms are already developing AI platforms, while smaller specialty AI start-ups are focusing on specific issues, resulting in a comprehensive environment.

### **Problems and Conclusion**

Although Digitalization has made a strong foundation for itself in the recruitment industry, it is still in its infancy. The majority of AI-based recruiting solutions are still in their development stage. They are still learning about data and may have several discrepancies and mistakes. Companies may face unpleasant shocks in the form of unanticipated lawsuits and brand damage if HR teams and recruiters are unaware of how the technology works.

The purpose of this study was to provide an overview of contemporary literature on the nature and scope of digital Human Resource Management (HRM) transformation.



Digitalization empowers new work frameworks by introducing innovative methods for communication and global connectivity through the use of digital tools. It also necessitates flexibility in work processes to adapt to the unpredictable environment that digitalization brings, enabling organizations to respond more effectively to changing conditions.

With the huge benefits that AI poses for the recruitment process, companies need only to prepare themselves for the changes in technological landscapes. It is crucial to change and adapt to the ever-evolving atmosphere of digital recruitment. To ace in the process of hiring the best talent for the organization, recruiters must reap the power of an asset like AI into their recruitment system.

### **Conclusion**

Today, digitization is revolutionizing traditional business models, with Human Resource Management (HRM) being particularly impacted. The increasing use of employee-related software, IT-enabled HR functions, social networks, and mobile solutions has significantly transformed HR practices. Organizations are adopting digital approaches to manage their human resources more effectively. To stay competitive, it is essential to continuously develop and innovate HR practices. The advancement of technology is thus leading to a shift from traditional HRM to more modern and technically advanced HRM systems. Globally, organizations are progressively integrating AI technology into various HR functions. For instance, numerous AI-driven recruitment tools are now available, making the hiring process more sophisticated and efficient.

### **Future Implications**

The digitalization of recruitment is expected to continue evolving, with emerging technologies like blockchain potentially playing a role in verifying candidate credentials and ensuring data integrity. Moreover, as AI becomes more sophisticated, the ability to predict candidate success and fit will improve, leading to even more efficient and effective recruitment processes.

In conclusion, digitalization in recruitment is transforming how organizations attract, evaluate, and hire talent. While the benefits are significant, organizations must navigate challenges such as data security and algorithmic bias to fully realize the potential of digital recruitment technologies. As these technologies continue to advance, the recruitment function will likely become even more strategic, data-driven, and integral to organizational success.

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